



American Foreign Service Association

STATEMENT OF J. WARREN GARDNER, JR., TREASURER

AMERICAN FOREIGN SERVICE ASSOCIATION

BEFORE THE

SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS

CONCERNING S.1527,

THE CIVIL SERVICE PENSION REFORM ACT

September 11, 1985

The American Foreign Service Association, the professional representative of the career foreign service for sixty-one years, is grateful for the opportunity to appear before your Committee to record our views on S. 1527, which establishes a new federal retirement program for all employees hired since January 1, 1984.

We join with the Department of State in requesting that your Committee include the Foreign Service under the Stevens-Roth bill, on the assumption that the Foreign Service will be added to the special retirement classes established under the legislation. We wish to express our support for the bill, and our willingness to work with your staff to provide a number of technical amendments which will be necessary to bring the Foreign Service under the bill's provisions.

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In the Department's testimony before this Committee, the Department expresses its concern for the "appreciable number of employees" converting from the Foreign Service to the Civil Service. In fact, fewer than five employees per year convert from the Foreign Service to the Civil Service, and it is not those employees with whom our testimony is concerned. We wish instead to bring to this Committee's attention the special concerns of career foreign service employees, their retirement rights, and their retirement system.

AFSA is principally concerned with insuring that Foreign Service employees retain the option of retiring at age 50 with 20 years of service, without reduction in their annuity. Foreign Service employees are unique among federal government employees. They are subject to very stringent and specialized requirements for entry into the Service. Once in the Service, their conditions of employment are different. Foreign Service employees must accept worldwide assignment, with the attendant hazards of living in locations characterized by psychological hardship or physical danger, such as high rates of disease, crime, or terrorist activity. During the past four years, 25 American employees have been killed at posts abroad. Indeed, the stresses of Foreign Service life prompted the United States Supreme Court to uphold the Department's right to mandatorily retire Foreign Service employees on the basis of age.

The very nature of the Foreign Service personnel system, which attempts to create an extremely competitive career service through the

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"up or out" mechanism, makes a career in the Foreign Service especially difficult. Foreign Service employees are subject to two types of mandatory retirement unrelated to misconduct or age. The first is retirement for performing at a relatively lower level than their peers. The second is retirement for failing to receive a promotion within a specified period of time. Congress has as recently as the Foreign Service Act of 1980 expressed its desire to preserve this rigorous, competitive Foreign Service system. In support of that goal, this Committee must assure that this legislation retain for the Foreign Service the option of retirement at age 50, without penalty.

AFSA's additional concern is the maintenance of a distinct Foreign Service retirement system. As early as 1924, the Rogers Act established the Foreign Service retirement and disability system as a separate system from any other federal retirement plan, administered by the Secretary of State. Throughout the years, the Department of State has continued to administer the Foreign Service retirement system, financed under a separate Foreign Service Retirement and Disability Trust Fund maintained by the Department of the Treasury. This has worked well. Therefore, we ask that this arrangement be retained under the proposed system.

We regret that S. 1527 specifies that the annual cost of living adjustments to retirement annuities be fixed at the increase in the Consumer Price Index minus two percent. We urge instead that federal retiree COLA's be linked to social security cost of living adjustments.

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There are several other elements of the Foreign Service system, including treatment of reemployed annuitants, election of additional retirement credit for service at unhealthful posts in lieu of post differential, and entitlement of former spouses to share in an employee's annuity, which differ from the Civil Service system. We look forward to cooperating with your staff on these matters and assisting in reconciling other differences which may result from inclusion of the Foreign Service in this legislation.

Again, Mr. Chairman, we believe that this bill offers a significant and desirable program for employees hired after December 1983 and other employees who opt to join the plan. As long as the special concerns of the Foreign Service are provided for, we are pleased to support the Stevens-Roth bill.